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SUBJECT: BRAZIL ON TRADE ELEMENTS OF UNCTAD DECLARATION

REF: SECSTATE 51412

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11. (U) Econoff delivered reftel talking points on March 10 to Piragibe Tarrago, Chief of the Economics Department within Brazil's Foreign Ministry, Itamaraty. Tarrago's Department has the lead on trade-related aspects of the UNCTAD declaration; he also reports directly to Ambassador Hugueney, Brazil's lead WTO negotiator. After explaining USG concerns, Econoff left a copy of the March 4 non-paper with Tarrago. Also accompanying Tarrago was George Marques, an official identified as the contact for issues relating to the trade text. Marques works in the Economics Department division dealing with economic organizations and can be contacted at gmarques@mre.gov; or 55-61-411-6912/6913; he speaks English.

12. (U) Tarrago claimed that Brazil appreciates the sensitive nature of the WTO Doha Development Agenda (DDA) negotiations at this time and shares USG interest in ensuring that preparation for the XI UNCTAD conference does not create an environment that inflames that trade debate. Tarrago admitted that the timing was "unfortunate," noting that the UNCTAD conference is in June and the current target for completing DDA frameworks is July. He said that when the UNCTAD conference was scheduled, the expectation was that the DDA negotiations would have progressed much further by now.

13. (U) Although Brazil shares USG interest in ensuring that the UNCTAD conference does not interfere with the DDA negotiations, the GOB does not think the current text should present major problems in this way. Tarrago characterized UNCTAD as a think-tank organization whose role is to reflect in a more academic way on how trade impacts development, and to provide countries with useful information to help them gain the most from this connection. Included in this debate would naturally be discussion of national policies, as well as a discussion of how international trade rules impact countries' abilities to obtain trade benefits. He noted that WTO rules are necessarily an essential element of this discussion.

14. (U) Tarrago suggested that problems in the declaration text could be resolved through redrafting; Econoff explained the USG approach of organizing the text around three themes, eliminating certain proposed paragraphs, and the USG view that an exercise of redrafting the problematic paragraphs would be counterproductive because it would likely lead to a protracted and acrimonious debate. Econoff noted that the USG does think it appropriate to include a general statement in support of the DDA negotiations.

15. (U) Tarrago pointed out that institutionally UNCTAD has no power over the WTO so it cannot "renegotiate" or "reinterpret" the Doha mandate. However, he also seemed to acknowledge the point that institutional aspects aside, an UNCTAD ministerial declaration with text that can be interpreted as calling for a change in the Doha mandate would complicate the DDA negotiating environment.

16. (U) Tarrago concluded by emphasizing that the GOB does not want the UNCTAD conference and/or declaration to undermine the DDA negotiations. He assured Econoff that the GOB will consider USG concerns in deciding how to approach the UNCTAD declaration text.

SOUTH-SOUTH FREE TRADE NEGOTIATIONS

17. (U) In responding to Econoff's inquiry, Tarrago clarified reports concerning the launch of South-South free trade negotiations during the UNCTAD conference. He said that discussions are on-going in Geneva with the aim of being able to officially announce at the UNCTAD conference the launching of trade preference (not free trade) negotiations, within the Generalized System of Preferences framework, for interested countries. (Note, the GOB expects to finalize the India-Mercosul Preferential Trade Agreement by June 30 and may well take advantage of the UNCTAD conference to showcase the agreement as a model.)

DDA MINI-MINISTERIAL

18. (SBU) Tarrago reported that the GOB is considering trying to organize a DDA mini-Ministerial to take place in Sao Paulo, Brazil, coinciding with the XI UNCTAD conference. He noted that a decision will depend on progress in DDA talks in Geneva, and that USTR Zoellick would be invited to attend should the GOB decide to convene such a meeting.

19. (SBU) Comment. Since UNCTAD's Secretary General is Brazilian Ambassador Rubens Ricupero the GOB has a special relationship with the organization at this time, which may constrain GOB flexibility on the declaration text. Nonetheless, while Brazil is keen to demonstrate leadership on developing country issues in both the WTO (G-20) and UNCTAD fora, post believes that the GOB's main interest lies in achieving gains within the WTO. If progress in the WTO DDA negotiations clearly appears to be threatened by the preparatory discussions for the XI UNCTAD conference, we would expect the GOB to adopt a pragmatic approach toward the UNCTAD declaration. End Comment.

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